

DEPARTMENT OF TREASURY
TREASURY FORFEITURE FUND

FISCAL YEAR 2006
CONGRESSIONAL BUDGET SUBMISSION

TREASURY FORFEITURE FUND (TFF)

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STRATEGIC CONTEXT FOR THE FY 2006 BUDGET/PERFORMANCE PLAN
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Profile of the Treasury Forfeiture Fund

The Treasury Forfeiture Fund (the Fund) was established as the receipt account for the deposit of non-tax forfeitures made pursuant to laws enforced or administered by Treasury law enforcement agencies and the United States Coast Guard. The Fund was established in October of 1992 as the successor to the Forfeiture Fund of the United States Customs Service. When the enabling legislation for the Fund was enacted, it brought together all of Treasury law enforcement under a single forfeiture program. The original member law enforcement bureaus of the Fund were the U.S. Customs Service (Customs), the U.S. Secret Service (Secret Service), the Bureau of Alcohol, Tobacco and Firearms (ATF), and the Internal Revenue Service's Criminal Investigation (IRS-CI). These member bureaus were joined by the U.S. Coast Guard of the Department of Transportation, as the result of a long-standing close law enforcement relationship with Customs.

The Homeland Security Act of 2002, enacted November 25, 2002, transferred the majority of ATF to the Department of Justice, all of Customs and the Secret Service, as well as the Coast Guard, to the new Department of Homeland Security, with IRS continuing as the principal Treasury participant of the Fund. The law enforcement bureaus of the Department of Homeland Security continue on as member bureaus of the Treasury forfeiture program.

Summary of Treasury Forfeiture Fund Authorities

The Treasury Forfeiture Fund is a *special fund*. *Special funds* are federal fund collections that are earmarked by law for a specific purpose, and which consist of separate receipt and expenditure accounts. The enabling legislation for the Treasury Forfeiture Fund (31 U.S.C. § 9703) defines those purposes for which Treasury forfeiture revenue may be used. The funds can be allocated and used without the enactment of an annual appropriation by Congress.

A forfeiture process begins once property or cash is seized. Upon forfeiture, seized currency, initially deposited into a suspense, or holding account, is transferred to the Fund as forfeited revenue. Once forfeited, physical properties are sold, and the proceeds are deposited into the Fund as forfeited revenue. It is this forfeiture revenue that composes the budget authority for meeting expenses of running Treasury's forfeiture program.

Expenses of the Fund are set in a relative priority so that unavoidable or "mandatory" costs are met first. Expenses may not exceed revenue in the Fund.

Treasury Forfeiture Fund

Types of spending authority of the Fund:

- The ***mandatory authority*** items are generally used to meet “business expenses” of the Fund, including expenses of storing and maintaining seized and forfeited assets; valid liens and mortgages; investigative expenses incurred in pursuing a seizure; information and inventory systems; and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares are paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.
- ***Secretary’s Enforcement Fund (SEF)*** is derived from equitable shares received from the Department of Justice or U.S. Postal Service (USPS) forfeitures. These shares represent Treasury’s portion in the overall investigation that lead to a Justice or USPS forfeiture. SEF revenue is available for Federal law enforcement purposes of any law enforcement organization participating in the Treasury Forfeiture Fund.
- ***Super Surplus*** represents the remaining unobligated balance after an amount is reserved for Fund operations in the next fiscal year. Super Surplus can be used for any Federal law enforcement purpose.

Strategic Vision

Fund management will focus on strategic cases and investigations that result in high-impact seizures. We believe this approach will have the greatest impact on criminal organizations and thus will accomplish our ultimate objective – to disrupt and dismantle criminal enterprises. The enhancement of forfeiture activity requires longer, more in-depth investigations. To this end, Fund management emphasizes the use of mandatory funding authorities that fund large case initiatives including Purchase of Evidence and Information, Expenses Associated with Joint Operations, Investigative Expenses Leading to Seizure, and Asset Identification and Removal Teams. In addition, it is also a priority to fund revenue-enhancing projects such as major case funding, database development and computer forensics through the Secretary’s Enforcement Fund or Super Surplus.

Strategic Mission

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by Treasury law enforcement bureaus to disrupt and dismantle criminal enterprises.

Strategic Goals

The goal of the Treasury Forfeiture Fund is to support the now-multi-Departmental national asset forfeiture program in a manner that results in federal law enforcement’s continued and effective use of asset forfeiture as a high-impact law enforcement sanction to disrupt and dismantle criminal enterprises. In addition, the Fund has the following four supporting goals which further the strategic mission: 1) deprive criminals of property used in or acquired through illegal activities; 2) encourage joint operations among Federal, state and local law enforcement agencies, as well as foreign countries; 3) strengthen law enforcement; and 4) protect the rights of the individual.

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To achieve these goals, the program must be administered in a fiscally responsible manner that minimizes the administrative costs incurred and maximizes the benefits for law enforcement and the society it protects. Also, the continued viability of the program rests upon public confidence in its integrity, and, therefore, safeguarding the rights of affected individuals is an overriding concern in the administration of the program.

Key Strategic Issues

Asset seizure and forfeiture is a top priority for the Fund's participating law enforcement organizations, as well as the Department of Treasury, and is linked directly to the National Money Laundering Strategies. In this regard, management has identified the following key strategic issues:

- Continue to educate and focus stakeholders, and others, on the vision and mission of Treasury's multi-Departmental asset forfeiture program (i.e., affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus participating in the Treasury Forfeiture Fund to disrupt and dismantle criminal enterprises).
- Focus resources in a manner that enhances support of law enforcement's national money laundering strategy and anti-terrorism financing efforts.
- Foster and support the investment of forfeiture resources in the needs of our participating law enforcement bureaus in order to promote program excellence and strengthen the overall quality of criminal investigations.

Strategies for FY 2006

We continue to plan to increase our investment in technologies and data collection; to encourage the bureaus to pursue truly major cases and establish financial plans that reflect such priorities; to further develop and modify forfeiture training and forfeiture awareness programs that are responsive to today's needs and designed to foster the understanding and application of asset forfeiture; and to continually re-evaluate our basic method of operation to ensure that this methodology is the best one. We will continue our work to reinforce our relationships with member bureaus that extend across Departmental boundaries to ensure the vision, mission, and policies of the Treasury Forfeiture Fund are appropriately recognized by the various Departments.

EXPLANATION OF FISCAL YEAR 2006 BUDGET REQUEST

BUDGET ACTIVITY: LAW ENFORCEMENT OPERATIONS

The function of the Treasury Forfeiture Fund is to ensure resources are managed to cover the costs of an effective asset seizure and forfeiture program, including the costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting and disposing of property. Asset forfeiture is used by Federal law enforcement to disrupt and dismantle criminal enterprises.

TFF Law Enforcement Operations	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Final Target	FY 2006 Proposed Target
			Target	Performance		
Treasury Goal: Preserve the Integrity of Financial Systems (F3)						
Budget Authority (\$000s).....	\$178,378	\$252,680	\$251,000	\$313,130	\$251,000	\$251,000
Direct FTE	---	---	---	---	---	---
<u>Treasury Objective:</u> Disrupt and dismantle financial infrastructure of terrorists, drug traffickers and other criminals and isolate their support networks (F3A)						
Performance Goal: Strategic use of asset forfeiture by Treasury law enforcement in a manner that results in a high-impact forfeiture program.						
1. Percent of forfeited cash proceeds resulting from high-impact cases.	73%	80.6%	75%	83.95%	75%	75%

The Treasury Forfeiture Fund has exceeded its target for high-impact forfeitures for the second year. For purposes of this measure, a “high-impact case” is defined as a case resulting in a cash forfeiture equal to or greater than \$100,000. Given the law enforcement imperatives of our bureaus, it is vital that the performance target allow for other than high-impact forfeitures. Therefore the target remains fixed at 75 percent in future years. However, it is gratifying to see that management’s emphasis on high-impact case initiatives is paying dividends.

The Fund is not requesting an annual enacted Treasury appropriation from Congress for FY 2006.